

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

SENATE ENROLLED ACT No. 229

AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 27-1-39 IS ADDED TO THE INDIANA CODE AS A **NEW CHAPTER** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]:

Chapter 39. Independent Educational Institution Self-Insurance Consortium

Sec. 1. As used in this chapter, "commissioner" means the insurance commissioner appointed under IC 27-1-1-2.

Sec. 2. As used in this chapter, "consortium" refers to a self-insurance consortium established under section 7 of this chapter.

Sec. 3. As used in this chapter, "department" refers to the department of insurance created by IC 27-1-1-1.

Sec. 4. As used in this chapter, "independent educational institution" refers to an independent, degree granting college or university that is:

- (1) accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools;
- (2) chartered in Indiana; and
- (3) operated as a nonprofit entity under Section 501(c)(3) of the Internal Revenue Code.

Sec. 5. As used in this chapter, "member" means an independent educational institution that enters into an agreement

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under section 7 of this chapter to form a consortium.

Sec. 6. As used in this chapter, "self-insurance fund" means a fund established by a consortium to provide money sufficient to:

- (1) cover self-insured risk retained by the consortium;
- (2) pay premiums for stop-loss insurance coverage; and
- (3) pay the administrative and other costs of the consortium.

Sec. 7. (a) Notwithstanding any other law, two (2) or more independent educational institutions may establish a trust under Indiana law to establish and maintain a self-insurance consortium through which the independent educational institutions jointly maintain a self-insurance fund to cover certain retained risks and jointly purchase stop-loss insurance coverage. The coverage for retained risks or stop-loss insurance coverage provided for through the trust may include any of the following types of coverage:

- (1) Property and casualty coverage.
- (2) Worker's compensation coverage.
- (3) Employee health coverage.
- (4) Employee vision coverage.
- (5) Employee dental coverage.
- (6) Other coverage.

(b) If the coverage described in subsection (a)(3), (a)(4), or (a)(5) is provided through the self-insurance fund, the coverage must be provided through a multiple employer welfare arrangement regulated under IC 27-1-34.

Sec. 8. A consortium shall be governed by a governing authority comprised entirely of representatives of the consortium's members.

Sec. 9. A trust created under section 7 of this chapter is subject to regulation by the department as follows:

- (1) The trust be registered with the department.
- (2) The trust shall:
 - (A) retain a total risk for the self-insurance fund of not more than one hundred twenty-five percent (125%) of the amount of expected claims for the following year; and
 - (B) obtain stop-loss insurance issued by an insurer authorized to do business in Indiana to cover losses in excess of the amount retained under clause (A).
- (3) Contributions by the members must be set to fund one hundred percent (100%) of the total risk retained under subdivision (2)(A) plus all other costs of the trust.
- (4) The trust shall maintain a fidelity bond in an amount approved by the department, covering each person responsible for the trust, to protect against acts of fraud or

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dishonesty in servicing the trust.

(5) The trust is subject to IC 27-4-1-4.5 regarding claims settlement practices.

(6) The trust shall, before March 1 of each year, file an annual financial statement in the form required by IC 27-1-3-13.

(7) The trust is not a member of the Indiana insurance guaranty association under IC 27-6-8. The liability of each member is joint and several.

(8) The trust is subject to examination by the department. The trust shall pay all costs associated with an examination.

(9) The department may deny, suspend, or revoke the registration of the trust if the commissioner finds that the trust:

(A) is in a hazardous financial condition;

(B) refuses to be examined or produce records for examination; or

(C) has failed to pay a final judgment rendered against the trust by a court within thirty (30) days.

Sec. 10. The department may adopt rules under IC 4-22-2 to implement this chapter.

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President of the Senate

President Pro Tempore

Speaker of the House of Representatives

Governor of the State of Indiana

Date: _____ Time: _____

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